

VO of Arizona, Inc.

**Financial Statements and Supplemental Schedules
and Report Thereon
June 30, 2007 and 2006**

VO of Arizona, Inc.
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Report of Independent Auditors

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To the Board of Directors
VO of Arizona, Inc.

In our opinion, the accompanying balance sheets and the related statements of operations, changes in stockholder's equity and cash flows present fairly, in all material respects, the financial position of VO of Arizona, Inc. (the "Company") as of June 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying balance sheets and the related statements of operations, changes in stockholder's equity, cash flows and supplemental schedules have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Contract with the State of Arizona expired August 31, 2007 and will not be renewed or extended. As the Contract is the principal source of revenue for the Company there is substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements and supplemental schedules do not include any adjustments that might result from the outcome of this uncertainty, other than management's estimate of an asset impairment (see Note 3).

This report is intended solely for the information and use of the Arizona Department of Health Services – Division of Behavioral Health Services, the State of Arizona, and the Board of Directors and management of the Company, and is not intended to be and should not be used by anyone other than these specified parties.

October 5, 2007



VO of Arizona, Inc.
Balance Sheets
June 30, 2007 and 2006

	2007	2006
Assets		
Cash and cash equivalents	\$ 65,197,407	\$ 43,486,995
Accounts receivable	9,277,954	3,472,004
Other receivable	4,319,158	6,172,066
Prepaid expenses, deposits and other assets	1,673,602	1,723,680
Deferred income tax asset	4,815,112	2,947,259
Assets held for sale	6,425,834	-
Due from Casa Buena, Inc.	510,591	-
Due from affiliated companies	6,309,733	8,329,089
Total current assets	98,529,391	66,131,093
Property and equipment, net	257,022	10,359,018
Deposits	-	485,666
Deferred income tax asset	890,322	589,043
Total assets	<u>\$ 99,676,735</u>	<u>\$ 77,564,820</u>
Liabilities and Stockholder's Equity		
Accounts payable and other accrued expenses	\$ 19,037,094	\$ 11,901,298
Accrued salary and vacation	7,778,349	6,745,130
Payable to providers	19,381,037	15,372,927
Income taxes payable to FHC Health Systems, Inc.	6,046,331	2,301,223
Due to Casa Buena, Inc.	-	309,267
Total current liabilities	52,242,811	36,629,845
Settlement payable, less current portion	-	1,698,277
Deferred lease liability, long term	1,563,257	2,355,989
Total liabilities	<u>53,806,068</u>	<u>40,684,111</u>
Stockholder's equity		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	-	-
Paid-in capital	45,151,886	37,096,585
Retained earnings (accumulated deficit)	718,781	(215,876)
	<u>45,870,667</u>	<u>36,880,709</u>
Total liabilities and stockholder's equity	<u>\$ 99,676,735</u>	<u>\$ 77,564,820</u>

The accompanying notes are an integral part of these financial statements.

VO of Arizona, Inc.
Statements of Operations
Years Ended June 30, 2007 and 2006

	2007	2006
Revenues		
Contract revenues	\$ 534,613,308	\$ 544,805,885
Grants and other	3,969,591	3,077,535
	<u>538,582,899</u>	<u>547,883,420</u>
Expenses		
Program services	487,298,104	496,338,264
General and administrative	41,514,942	43,374,869
	<u>528,813,046</u>	<u>539,713,133</u>
Net earnings before income taxes	9,769,853	8,170,287
Income tax provision	3,877,196	3,261,805
Net earnings	<u>\$ 5,892,657</u>	<u>\$ 4,908,482</u>

The accompanying notes are an integral part of these financial statements

VO of Arizona, Inc.
Statements of Changes in Stockholder's Equity
Years Ended June 30, 2007 and 2006

	Common Stock	Paid-in Capital	Retained Earnings	Total
Balance, June 30, 2005	\$ -	\$ 36,090,585	\$ 2,375,642	\$ 38,466,227
Net earnings for the year ended June 30, 2006	-	-	4,908,482	4,908,482
Additional contribution by ValueOptions, Inc.	-	1,006,000	-	1,006,000
Distributions to ValueOptions, Inc.	-	-	(7,500,000)	(7,500,000)
Balance, June 30, 2006	-	37,096,585	(215,876)	36,880,709
Net earnings for the year ended June 30, 2007	-	-	5,892,657	5,892,657
Additional contribution by ValueOptions, Inc.	-	8,055,301	-	8,055,301
Distributions to ValueOptions, Inc.	-	-	(4,958,000)	(4,958,000)
Balance, June 30, 2007	<u>\$ -</u>	<u>\$ 45,151,886</u>	<u>\$ 718,781</u>	<u>\$ 45,870,667</u>

The accompanying notes are an integral part of these financial statements

VO of Arizona, Inc.
Statements of Cash Flows
Years Ended June 30, 2007 and 2006

	2007	2006
Operating activities		
Net earnings	\$ 5,892,657	\$ 4,908,482
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Depreciation	3,139,496	3,020,172
Loss on disposal of equipment	31,537	-
Asset impairment	1,362,284	-
Deferred income taxes	(2,169,135)	(787,713)
Cash provided by (used in) changes in		
Accounts receivable	(5,805,950)	(418,716)
Others receivable	1,852,908	(5,439,315)
Prepaid expenses and other assets	518,069	(634,845)
Payable to providers	4,008,111	1,446,784
Accounts payable and accrued expenses	4,933,950	2,703,512
Accrued salary and vacation	1,033,219	955,425
Income taxes payable to FHC Health Systems, Inc.	3,745,108	(950,458)
Deferred lease liability	(270,115)	1,840,372
Due from/to affiliated companies	1,109,631	(8,717,883)
Net cash provided by (used in) operating activities	<u>19,381,770</u>	<u>(2,074,183)</u>
Investing activities		
Purchases of property and equipment	(738,205)	(6,567,846)
Decrease in deposits	17,675	15,743
Net cash used in investing activities	<u>(720,530)</u>	<u>(6,552,103)</u>
Financing activities		
Payments of capital lease and debt obligations	(48,129)	-
Contributions by ValueOptions, Inc.	8,055,301	1,006,000
Distributions to ValueOptions, Inc.	(4,958,000)	(7,500,000)
Net cash provided by (used in) financing activities	<u>3,049,172</u>	<u>(6,494,000)</u>
Increase (decrease) in cash and cash equivalents	<u>21,710,412</u>	<u>(15,120,286)</u>
Cash and cash equivalents		
Beginning of year	43,486,995	58,607,281
End of year	<u>\$ 65,197,407</u>	<u>\$ 43,486,995</u>
Supplemental disclosure		
Income taxes paid	\$ -	\$ 5,000,000
Transfer of equipment from (to) affiliate, net of accumulated depreciation of \$78,585 and \$62,280 in 2007 and 2006, respectively	89,868	20,625
Transfer of property and equipment to assets held for sale	6,425,834	-
Fixed asset purchases in accounts payable	29,099	-

The accompanying notes are an integral part of these financial statements

VO of Arizona, Inc.
Notes to Financial Statements
June 30, 2007 and 2006

1. Description of Business and Basis of Presentation

Description of Business

Effective July 12, 2004, VO of Arizona, Inc. (the "Company") was incorporated in the State of Arizona. On that date, the assets and liabilities of the Arizona Division of ValueOptions, Inc. (the "Division") were transferred to the Company and the Division's contract with the Arizona Department of Health Services – Division of Behavioral Health Services ("ADHS-DBHS") (the "Contract") was legally assigned to the Company. VO of Arizona, Inc. is a wholly-owned subsidiary of ValueOptions, Inc. ("ValueOptions"), a Virginia corporation. ValueOptions is a wholly-owned subsidiary of FHC Health Systems, Inc. ("FHC"), also a Virginia corporation.

FHC and ValueOptions report on a calendar year basis. The Company reports on a June 30 fiscal year-end to coincide with the fiscal year of the State of Arizona and the terms of the Contract. All the revenues, expenses, assets and liabilities of the Company are directly attributable to the Contract.

The Company provides managed behavioral healthcare services to Maricopa County Medicaid ("Title XIX"), Non-Medicaid ("Non-Title XIX"), and KidsCare ("Title XXI") beneficiaries under a contract with the ADHS-DBHS. The Company also provides managed behavioral healthcare services to capitated adults under a special Healthcare Insurance Flexibility Accounting ("HIFA II") waiver funded from excess KidsCare funding.

The original term of the Contract was three years, commencing on September 19, 1998 and continued through June 30, 2001 with two additional one-year options for renewal, both of which were executed. On July 1, 2003, there was a separate one-year contract executed with no option to renew. In February 2004, the ADHS-DBHS awarded ValueOptions a new three-year contract, effective July 1, 2004, with two one-year options for renewal. The Contract was subsequently assigned to the Company as described above. None of the current one-year options have been exercised. In March 2007, an amendment to the Contract was executed extending the contract to August 31, 2007.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements are prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

In December 2006, the ADHS-DBHS announced that a request for proposal would be issued in January 2007 for the contract year beginning July 1, 2007. The request for proposal was amended in March 2007 to reflect a contract start date of September 1, 2007.

On June 12, 2007 the Company received notice from the Arizona Department of Health Services ("ADHS") that the Company was not awarded the new contract for services beginning September 1, 2007. The successful bidder for the new Contract was Magellan Health Services ("Magellan"). The Company will continue performance under the current Contract through August 31, 2007. The Contract amounted to essentially all of the Company's revenues for fiscal years 2007 and 2006.

The loss of the Contract raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the classification and recognition of additional liabilities, other than management's estimate of an asset impairment (see Note 3). On August 24, 2007, the Company's Board of Directors approved a plan to adopt a voluntary plan of liquidation effective August 31, 2007. See Note 12 for the proforma presentation of the statement of net assets as of June 30, 2007 prepared on the liquidation basis of accounting. Although the Company will not continue operating after August 31, 2007, management believes the Company has adequate cash on hand to settle all outstanding obligations.

VO of Arizona, Inc.
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As of June 30, 2006, the Company was not in compliance with the financial covenant requirements of the Contract as a result of payments made to FHC on intercompany borrowings. Additionally, as of June 30, 2006, the Company had net receivables from FHC of approximately \$6,000,000.

Subsequent to June 30, 2006, the Company received capital contributions from FHC of approximately \$8,100,000, and in addition, FHC paid off the intercompany balance that existed as of June 30, 2006. These activities have resulted in the Company satisfying the financial covenant requirements described above in November 2006. As disclosed in Note 8, the Company has maintained compliance with the financial covenant requirements of the Contract through June 30, 2007.

2. Summary of Significant Accounting Policies

Estimation Process

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Payable to Providers

The Company compensates providers for authorized behavioral health care and substance abuse services to covered beneficiaries. The Company uses a variety of methods to estimate the amount payable to providers including authorizations for services to be provided, payments to be made under contract arrangements currently in force, and correspondence with significant providers to ascertain the level of care being provided to beneficiaries for which a claim has not yet been submitted.

The liabilities for payable to providers include estimates of amounts due on reported claims and claims that have been incurred but were not reported as of June 30, 2007 and 2006. Such liabilities represent the Company's best estimate of amounts that are reasonable and adequate to discharge the Company's obligation for claims incurred but unpaid as of June 30, 2007 and 2006. Such estimates are, however, subject to a significant degree of inherent variability. Estimates are continually reviewed and adjusted as necessary as experience develops and new information becomes known; such adjustments are included in current operations. For the year ended June 30, 2006, the Company's program services expense decreased approximately \$510,000, respectively, related to such revisions. For the year ended June 30, 2007, the Company's program services expense increased approximately \$122,000. Although the Company believes that the estimates of payables to providers at June 30, 2007 and 2006 are appropriate in the circumstances, it is possible that the Company's actual incurred expenses will not conform to the assumptions inherent in the determination of the payable to providers; accordingly, the ultimate amounts paid may vary from the estimates included in the Company's financial statements. Such revisions are recorded when known.

Contract Revenue

The Company receives substantially all of its revenue from the Contract. Contract revenues include funds for behavioral healthcare services and prevention programs for youth and seriously mentally ill ("SMI") adult and substance abuse populations under four major types of revenue sources: Title XIX, Title XXI, and Non-Title XIX. Contract revenue is recognized in the period for which the Company is obligated to provide covered services. Deferred revenue relates to grant amounts received in the current year that cannot be recognized until certain terms are met. Contract revenue is also limited by the terms of the Contract to a maximum profit percentage, as defined. Contract revenue that cannot be recognized due to these profit limits (4% on Title XIX, Non-Title XIX, and Title XXI) deferred until future periods.

VO of Arizona, Inc.
Notes to Financial Statements
June 30, 2007 and 2006

Title XIX Revenue

The Contract requires the Company to provide behavioral healthcare services to all eligible enrollees within its geographic service area. Under this agreement, the Company receives monthly capitation payments from the ADHS-DBHS based on a capitated rate and the number of Title XIX Arizona Health Care Cost Containment System ("AHCCCS") enrollees eligible for covered services during that month. In addition, the Company also receives revenue for Preadmission Screening and Resident Review ("PASARR") screenings on a fee-for-service basis from the ADHS-DBHS.

Title XXI Revenue

The Contract requires the Company to provide behavioral healthcare services to all eligible enrollees within its geographic service area. Under this agreement, the Company receives monthly capitation payments from the ADHS-DBHS based on a capitated rate and the number of Title XXI AHCCCS enrollees eligible for covered services during that month.

Non-Title XIX Revenue

The Contract provides for payment to the Company at a monthly rate equal to one-twelfth of specified annual contract maximums under the ADHS-DBHS Non-Title XIX programs. These programs provide behavioral healthcare services to lower income uninsured or underinsured individuals not eligible for behavioral healthcare coverage under Title XIX or Title XXI. Non-Title XIX programs are funded through a combination of federal behavioral healthcare block grant funds, State of Arizona funds and Maricopa County funds administered by the ADHS-DBHS.

Grants and Other Revenue

Under the Contract, the Company is required to provide services under certain grants for special populations. Payment is made by the ADHS-DBHS based on expenditure reports submitted by the Company. The Contract allows for performance incentives to be earned by the Company based on various operational and reporting performance requirements as defined in the Contract. The Company records these incentives when received as this is the best determination of when the earnings process has been completed. Incentive payments are specifically excluded from both administrative and profit limitations.

Program Services Expense

Program services are purchased under fee-for-service or block purchase arrangements. Fee-for-service contract expenses are accrued as incurred. Program services provided under block purchase arrangements are accrued based upon contract terms. From time to time, the Company amends its provider contracts. The effects of these amendments are recorded in the period in which the amendment was executed.

The Company provides certain services directly to consumers in various settings including case management clinics, a crisis call center, and an Urgent Psychiatric Care Center. The Company records these expenses based on actual costs.

The Company receives pharmacy sales incentives from certain vendors for volume-based utilization of certain medications. These incentives are recorded when received as a reduction of program services expense.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash equivalents consist primarily of money market funds and short-term commercial paper. Restricted cash and cash equivalents consist primarily of cash deposits principally restricted due to unearned revenue or terms of the contract.

VO of Arizona, Inc.
Notes to Financial Statements
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Premium Deficiencies

The Company records a premium deficiency reserve when expected claims payments or incurred costs, claims adjustment expenses and administration costs exceed the premiums to be collected for the remainder of a contract period. Anticipated investment income is not used as a factor in the premium deficiency reserve calculation. No such reserve was required at June 30, 2007 or 2006.

Property and Equipment

Furniture and equipment are stated at cost. The Company provides for depreciation using the straight-line method over the estimated useful lives of the related assets as follows:

Computers	3 years
Furniture and fixtures	10 years
Fixed equipment	4 years
Leasehold improvements	lesser of remaining term of lease or estimated useful life

Impairment of Long-Lived Assets

The carrying value of long-lived assets other than goodwill is evaluated when certain events and circumstances indicate that the carrying amount may exceed fair value. The fair value is calculated using expected cash flows produced by the asset, or the appropriate grouping of assets, over the remaining life of such assets and their eventual disposition. If the undiscounted projected cash flows are less than the carrying amount, an impairment is recognized.

Deferred Lease Credits

Leases related to office space contain provisions for rent escalations and incentives from lessors in the form of reduced rents or free rental periods. Rent expense related to these leases is charged to expense on a straight-line basis over the life of the lease. Differences that arise between amounts paid and the expense recognized are recorded as increases to or charges against the deferred lease credit liability.

Income Taxes

The provision for income taxes is computed using the statutory rate, based on the Company's income, after giving effect to permanent differences.

Separate or unitary income tax returns are filed in the states in which FHC conducts business, including the State of Arizona. Unitary tax returns include affiliated companies whose functions are integrated and interdependent at the basic operational level and are bonded through direct or indirect ownership control.

Deferred income tax assets and liabilities relate to temporary differences between the recorded basis of assets and liabilities for financial reporting and income tax purposes. Such differences result primarily from prepaid expenses, accrued liabilities, payable to providers and depreciation.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

VO of Arizona, Inc.
Notes to Financial Statements
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3. Property and Equipment

Property and equipment consists of the following at June 30:

	2007	2006
Furniture and equipment	\$ 249,511	\$ 15,170,941
Leasehold improvements	7,511	4,330,360
Other	-	558,714
	<u>257,022</u>	<u>20,060,015</u>
Accumulated depreciation	-	(9,700,997)
Property and equipment, net	<u>\$ 257,022</u>	<u>\$ 10,359,018</u>

In fiscal 2007, the Company recorded an asset impairment charge of approximately \$1,400,000 related to property and equipment at the Company's administrative service building, which is included in general and administrative expenses in the accompanying 2007 statements of operations. Accordingly, the remaining property and equipment balance as of June 30, 2007 is recorded at net realizable value.

On July 17, 2007, the Company signed a binding letter of agreement with Magellan to sell the fixed assets related to the direct care clinics and transition the operation of the direct care clinics for \$10,843,000, effective August 31, 2007. This transaction is not reflected in the accompanying financial statements as of June 30, 2007. The aggregate expected net realizable value of the direct care clinics' assets is \$6,425,834, which is classified as assets held for sale on the accompanying balance sheet as of June 30, 2007.

The held for sale assets consist of the following at June 30, 2007:

Furniture and equipment	\$ 3,425,710
Leasehold improvements	<u>3,000,124</u>
Assets held for sale	<u>\$ 6,425,834</u>

4. Retirement Plan

The Company participates in the FHC 401(k) defined contribution employee benefit plan. With the expiration of the Contract (see Note 1) and the cessation of ongoing operations for the Company, FHC determined that the early vesting requirements of the partial plan termination guidelines were met. Accordingly, all employees of the Company directly affected by the Contract expiration qualify for a 100% vesting of their 401(k) matching contributions. The Company made matching contributions to the plan of approximately \$958,000 and \$748,000 for the years ended June 30, 2007 and 2006, respectively.

5. Income Taxes

VO of Arizona files a consolidated federal income tax return with FHC. The provision for income taxes is computed for each entity and entity division in the consolidated group at the statutory rate based on each entity's income after giving effect to permanent differences. The Company is allocated its proportionate share of FHC tax expense. Separate or unitary income tax returns are filed in the states in which FHC and its subsidiaries conduct business including the State of Arizona, which is filed on a consolidated basis.

VO of Arizona, Inc.
Notes to Financial Statements
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The provision for income taxes consisted of the following:

	June 30,	
	2007	2006
Currently payable		
Federal	\$ 4,991,450	\$ 3,543,328
State	1,054,881	506,190
	<u>6,046,331</u>	<u>4,049,518</u>
Deferred income taxes		
Federal	(1,797,705)	(689,249)
State	(371,430)	(98,464)
	<u>(2,169,135)</u>	<u>(787,713)</u>
	<u>\$ 3,877,196</u>	<u>\$ 3,261,805</u>

Deferred income tax assets and liabilities relate to temporary differences between the recorded basis of assets and liabilities for financial reporting and income tax purposes. Significant components of deferred tax balances are as follows:

	June 30,	
	2007	2006
Deferred tax assets		
Accrued vacation	\$ 1,214,000	\$ 1,089,342
Accrued liabilities	4,194,552	2,942,717
Payable to providers	436,246	103,388
Deferred tax assets	<u>5,844,798</u>	<u>4,135,447</u>
Deferred tax liabilities		
Prepaid expenses	(122,014)	(184,307)
Depreciation	65,793	(338,906)
Accrued benefits	(83,143)	(75,935)
Deferred tax liabilities	<u>(139,364)</u>	<u>(599,148)</u>
Net deferred tax assets	<u>\$ 5,705,434</u>	<u>\$ 3,536,299</u>
	2007	2006
Current assets, net	\$ 4,815,112	\$ 2,947,256
Noncurrent assets	890,322	589,043
	<u>\$ 5,705,434</u>	<u>\$ 3,536,299</u>

VO of Arizona, Inc.
Notes to Financial Statements
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The effective income tax rate on the Company's pre-tax earnings for the years ended June 30, 2007 and 2006 differs from the Federal statutory income tax rate as follows:

	2007	2006
Statutory Federal income tax rate	35 %	35 %
State income tax, net of federal benefit	5	5
	<u>40 %</u>	<u>40 %</u>

6. Related-Party Transactions

FHC, ValueOptions and affiliated companies provide administrative and other services to the Company, including systems functions, accounts payable and payroll processing. Included in general and administrative expenses is an allocation of the costs of the administrative services provided by affiliated companies. The Company's allocation was approximately \$8,980,000 and \$12,954,000 for the years ended June 30, 2007 and 2006, respectively.

Amounts due to or due from affiliated companies are non-interest bearing. The Company periodically transfers cash to ValueOptions in satisfaction of payments made on its behalf. During the years ended June 30, 2007 and 2006, cash payments to ValueOptions exceeded its actual obligations by approximately \$6,310,000 and \$8,329,000, respectively.

Under the provisions of the Contract with ADHS-DBHS, dividends and other distributions may be paid only to the extent of allowable profit in each of the funding sources as defined. The Company distributed \$4,958,000 and \$7,500,000 for the years ended June 30, 2007 and 2006, respectively.

The Company serves as the administrative trustee of Casa Buena, Inc. ("Casa Buena"), a non-profit 501(c)3 corporation that was the recipient of grants and contributions from the ComCare Liquidation Proceeds Trust established by the ADHS-DBHS. Various expenses are paid by the Company on behalf of Casa Buena. The members of Casa Buena's Board of Directors are employed by ValueOptions or the Company. Under the provisions of a compensation agreement, as amended, the Company is allowed an administrative fee, set at an amount of up to 8% of total expenditures by Casa Buena in any given year. No administrative fees were charged by the Company for the years ended June 30, 2007 and 2006. The net payable due to Casa Buena from the Company was approximately \$309,000 as of June 30, 2006. The net receivable due from Casa Buena to the Company was approximately \$511,000 as of June 30, 2007.

7. Commitments and Contingencies

Leases

The Company leases office space in Arizona for its headquarters and various case management clinics. Rent expense for the years ended June 30, 2007 and 2006 was approximately \$8,084,000 and \$7,488,000, respectively.

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Notes to Financial Statements
June 30, 2007 and 2006

Aggregate future minimum payments of the Company under these leases, for the five years ending after June 30, 2007 are as follows:

Year ending June 30,

2008	\$ 7,636,000
2009	7,469,000
2010	4,174,000
2011	986,000
2012	378,000
Thereafter	1,165,000
	<hr/>
	\$ 21,808,000

Under the terms of the letter agreement with Magellan (see Note 1), the leases for the direct service clinics, with future minimum payments of approximately \$16,840,000, will be assigned to Magellan as of September 1, 2007.

Liability Insurance

The Company, through FHC, maintains professional and general liability insurance coverage under claims-made policies. Effective November 11, 2005, the Company is insured for losses up to \$15,000,000 per claim and in the aggregate, with self-insured retentions of \$2,500,000 per claim. The Company is also covered under an umbrella policy providing for professional and general liability coverage up to \$10,000,000 per claim and in the aggregate. The Company participates in the above policy with its affiliates. Per claim and aggregate limits are applicable to all covered entities as a group.

Effective August 31, 2007 and corresponding with the Contract expiration (see Note 1), the Company purchased, through FHC, claims reported endorsement (tail coverage) to cover claims incurred but not reported. The tail coverage has a self-insured retention of \$1,000,000 per claim with an aggregate limit of \$25,000,000 for claims that occur prior to September 1, 2007 but are reported at some point in the future. The tail coverage relates solely to claims made against the Company.

Litigation

The Company is from time to time subject to claims and suits arising in the ordinary course of operations. As of June 30, 2007 and 2006, the Company has reserves of approximately \$7,449,000 and \$4,787,000, respectively, for expected losses related to these exposures.

8. Contract Requirements

The Company is subject to Contract provisions which require the Company to maintain certain financial ratios, a net worth requirement of the greater of \$10,000,000 or 90% of any given month's total payments for the contract year ending June 30, and the maintenance of a performance bond equal to 110 percent of each quarter's capitation as determined by the ADHS-DBHS. In satisfaction of the bond requirement, the Company maintained a surety bond in the required amount of approximately \$49,932,000 as of June 30, 2007, and maintained an irrevocable letter of credit in the required amount of approximately \$49,932,000 as of June 30, 2006.

As disclosed in Note 1, as of June 30, 2006, the Company was not in compliance with its minimum equity requirement or its defensive interval requirement, as stipulated in the Contract. The Company cured these violations subsequent to June 30, 2006. Management does not believe that this noncompliance materially affected the Company's financial statements. While the Company could have been subject to financial penalties as a result of this non-compliance, no such penalties were imposed by the ADHS-DBHS.

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June 30, 2007 and 2006

As discussed in Note 2, the Company is limited by the terms of the Contract to profit that can be earned under the various programs. Contract profit limitations are applied on an after-tax basis. Also, if the Company's profit exceeds the profit limitations resulting in the reduction of recognized revenue, the related administrative revenue and income tax effect of that reduction is not considered for purposes of the profit limitation.

Total administrative expenses are limited by the Contract to 7.5% of contract revenue for all programs. In accordance with the Contract, income tax expense is not included as an administrative expense of the Company that is subject to this limitation. Effective July 1, 2004, the Contract limits the percentage of administrative expenses incurred outside of Arizona to not exceed 35% of total available administrative revenue for all programs.

As of June 30, 2007, the Company has reported less than the minimum number of encounters as stipulated in the Contract and is subject to a potential recoupment by the ADHS-DBHS of approximately \$168,000 if no more encounters are submitted. This amount has been recorded in administrative expenses as the Company expects that less than the minimum number of encounters will be submitted for Title XXI fund sources. The Company has until February 28, 2008 to submit encounters related to the year ended June 30, 2007. In addition, the ADHS-DBHS has a right to sanction the Company for other matters of non-compliance of the Contract, as determined by the ADHS-DBHS. The Company recorded approximately \$1,495,000 (including the \$168,000 discussed above) and \$288,000 as administrative expenses for sanctions during the years ended June 30, 2007 and 2006, respectively.

Provisions of the Contract subject the Company to the Office of Management and Budget's Circulars A-133 and A-122 requirements, effective July 1, 2004. The Company did not comply with certain requirements and, therefore is subject to potential sanctions for matters of noncompliance of the Contract. Management does not believe these matters will materially affect the Company's financial statements, therefore, no amounts have been provided as of June 30, 2007 or 2006 related to these matters. No penalties for these matters have been imposed by the ADHS-DBHS to date.

9. Regulatory

The healthcare industry is subject to numerous laws and regulations. The subjects of such laws and regulations cover, but are not limited to, matters such as licensure, accreditation, government healthcare program participation requirements, information privacy and security, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Over the past several years, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse and false claims statutes and/or regulations by healthcare organizations and insurers. The Company has been subject to investigation and reached settlement agreements on two matters as discussed below. With the resolution of these matters, management does not believe the results of any current inquiries, audits or reviews, currently threatened or pending, individually or in the aggregate, will have a material adverse effect of the Company's financial position or results of operations.

During the fiscal year ended June 30, 2006, the Company received incentive payments in the amount of approximately \$3,544,000 based on performance for the fiscal year ended June 30, 2005. At management's discretion, the Company distributed \$1,772,000, approximately fifty percent of the incentive payment, to providers. Subsequent to receipt of the incentive payments, AHCCCS contended that the full incentive for the fiscal year ended June 30, 2005 was not earned by the Company due to issues related to the valuation of encounters for services provided directly by the Company to consumers. In fiscal year 2007, ValueOptions and AHCCCS reached a settlement agreement whereby ValueOptions will repay \$2,000,000 of the payments originally received plus \$52,000 in investigative costs. This amount has been charged by ValueOptions to the Company as it relates to the Contract, and was accrued as of June 30, 2006. Under the terms of the settlement agreement, \$400,000 was paid within 45 days of signing of the agreement with the remainder to be paid in 17 consecutive monthly installments of approximately \$97,000. As of June 30, 2007, the remaining obligation on this settlement

VO of Arizona, Inc.
Notes to Financial Statements
June 30, 2007 and 2006

of approximately \$1,069,000 is included in accounts payable and other accrued liabilities. Net incentive revenue of \$2,738,000 and \$1,544,489 is included in grants and other revenue in the accompanying statement of operations for the fiscal years ended June 30, 2007 and 2006 respectively.

In July 2006, ValueOptions received notice that the United States Department of Justice (DOJ), acting on behalf of the Office of Inspector General of the Department of Health and Human Services, was investigating certain financial reporting matters under the Contract. On December 1, 2006, ValueOptions reached a settlement agreement with DOJ resolving the financial reporting matters in question. ValueOptions agreed to pay \$1,180,000 in settlement of issues related to contract agreements with providers on the HIFA II program for the fiscal year ended June 30, 2003. This amount has been charged by ValueOptions to the Company as it relates to the Contract and was accrued as of June 30, 2006. This amount is included in general and administrative expenses for the fiscal year ended June 30, 2006. Under the terms of the settlement agreement, \$236,000 was paid within 10 days of signing of the agreement with the remainder to be paid in 18 consecutive monthly installments of approximately \$52,000 commencing in January 2007. As of June 30, 2007, the remaining obligation on this settlement of approximately \$577,000 is included in accounts payable and other accrued liabilities.

10. Payable to Providers

The following table provides a reconciliation of the beginning and ending payable to providers balance for the years ended June 30, 2007 and 2006:

	2007	2006
Payable to providers, beginning of year	\$ 15,372,927	\$ 13,926,143
Claims incurred related to		
Current year	358,031,792	375,008,165
Prior year	(335,955)	(510,037)
Total incurred	<u>357,695,837</u>	<u>374,498,128</u>
Claims paid related to		
Current year	338,518,589	359,605,106
Prior year	15,169,138	13,446,238
Total claims paid	<u>353,687,727</u>	<u>373,051,344</u>
Payable to providers, end of year	<u>\$ 19,381,037</u>	<u>\$ 15,372,927</u>

11. Severance and Retention Costs

On June 27, 2007, all employees were notified by the Company that severance payments will be available to all eligible employees who no longer have a job as a result of the Contract expiration on August 31, 2007 (see Note 1). Eligible employees included regular full-time and part-time employees who work at least 20 hours per week. Employees who are offered a job with Magellan will not be eligible for severance from the Company. Severance benefits are equivalent to one week of pay for every full year of service, up to 10 weeks pay. To be eligible for severance, employees must continue to be employed through the last day of employment as indicated in their termination notification letter. The majority of employees will have a termination date of August 31, 2007. However, approximately 100 employees will be retained past August 31, 2007 to assist with the Contract closing activities. Additionally, ten key employees signed special severance letter agreements for severance outside the normal severance policy of ValueOptions.

VO of Arizona, Inc.
Notes to Financial Statements
June 30, 2007 and 2006

In order to effectively continue to provide services through the end of the current contract period, the Company also offered a retention bonus to certain key employees deemed to be critical to the successful completion of the current contract and transition of the direct care clinics to Magellan. Retention was based on an analysis of the employee's job function and the estimated employment end date.

The ultimate costs of the severance and retention plans may differ from Company estimates if employees leave the Company prior to their termination date. Costs for standard severance agreements were fully recognized as of June 30, 2007, while costs for severance according to letter agreements and retention agreements are recognized pro-ratably over the remaining period of employment. Estimated costs have been recorded in general and administrative expenses in the accompanying statement of operations and are summarized as follows:

Severance cost:	
Standard severance	\$ 1,002,000
Severance per letter agreements	75,000
	<u>1,077,000</u>
Retention bonus costs	317,000
Total employee termination costs	<u>\$ 1,394,000</u>

12. Proforma Financial Information (Unaudited)

As discussed in Note 1 to the financial statements, the Board of Directors adopted a voluntary plan of liquidation for the Company effective August 31, 2007. Under the liquidation basis, assets are estimated at net realizable amounts, liabilities are reflected at full value of amount to be paid, all costs of liquidation are accrued and certain deferred charges such as deferred lease liabilities are written off. Proforma presentation of the statement of net assets as of June 30, 2007 prepared on a liquidation basis is as follows:

Assets	
Cash and cash equivalents	\$ 65,197,000
Estimated net receivable on future contract services	2,773,000
Other assets	38,234,000
Total assets	<u>\$ 106,204,000</u>
Liabilities and Net Assets	
Accounts payable and other accrued expenses	\$ 26,249,000
Accrued salary and vacation	11,484,000
Payable to providers	19,381,000
Income taxes payable to FHC Health Systems, Inc.	4,257,000
Settlement payable	1,646,000
Total liabilities	<u>63,017,000</u>
Net assets in liquidation	<u>43,187,000</u>
Total liabilities and net assets	<u>\$ 106,204,000</u>

Assets are presented at estimated net realizable value on an undiscounted basis. Liabilities are also presented on an undiscounted basis and include reserves for future estimated administrative expenses and other costs. There can be no assurance that these estimated values will be realized or that future expenses and other costs will not be greater than recorded estimated amounts.

Supplemental Schedules

VO of Arizona, Inc.
Supplemental Schedule - Statement of Activities
For the year ended June 30, 2007

	TXIX CHILD	TXIX CNDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	SSDI - TMC	TXIX GMSA	HIFA II GMMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	ADMIN & MGMT/GEN	TOTAL	
REVENUES																								
401	Revenue Under ADHS Contract																							
a	ADHS Revenue	84,880,126	32,072,780	6,090,006	7,276,452	6,017,776	-	191,555,458	6,361,596	82,615,303	1,178,813	156,731	26,045	80,343,628	1,011,794	2,269,689	22,522,228	5,973,378	48,900	1,474,648	-	531,875,329	-	531,875,329
b	ADHS Revenue - Qualifying Incentive Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,737,979	-	2,737,979
402	Speciaty & Other Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
403	Client Fees (Co-pay)	-	-	-	-	-	-	509	-	579	-	-	-	6	-	24	9	-	-	-	-	1,127	-	1,127
404	Third Party Recoveries																							
a	Medicare	-	-	-	-	-	-	171,061	-	124,554	-	-	-	1,147	-	4,678	362	-	-	-	-	301,802	-	301,802
b	Other Insurance	-	-	-	-	-	-	92,601	-	93,372	-	-	-	-	-	5,776	770	-	-	-	-	192,519	-	192,519
405	Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
406	Other Funding Sources - Non ADHS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	424,786	424,786	-	424,786
407	Unrelated Business Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
408	TOTAL REVENUE	84,880,126	32,072,760	6,090,006	7,276,452	6,017,776	-	191,819,629	6,361,596	82,833,808	1,178,813	156,731	26,045	80,344,781	1,011,794	2,280,167	22,523,369	5,973,376	48,900	1,474,648	424,786	532,795,563	5,787,336	538,582,899
EXPENSES																								
Service Expenses:																								
501	Treatment Services																							
a	Counseling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1	Counseling, Individual	3,522,414	1,787,292	145,671	357,294	330,243	-	3,854,945	47,142	2,154,756	589,451	7,752	2,700	3,440,170	80,852	221,967	392,262	-	-	-	-	16,934,911	-	16,934,911
2	Counseling, Family	6,279,544	1,665,324	432,952	507,324	781,593	-	456,991	11,675	319,211	-	2,857	283	315,602	8,202	31,797	26,138	-	-	-	-	10,819,493	-	10,819,493
3	Counseling, Group	805,772	201,882	15,364	54,422	73,317	-	1,311,317	10,243	602,733	-	10,109	2,405	5,696,481	38,985	234,333	2,157,376	-	-	-	-	11,015,000	-	11,015,000
b	Consultation, Assessment & Specialized Testing	5,602,130	713,743	423,136	241,062	634,415	-	1,279,895	30,029	795,865	-	10,922	1,826	5,478,591	96,446	310,731	863,238	-	-	-	-	16,482,059	-	16,482,059
c	Other Professional	17,344	11,714	-	1,452	2,145	-	28	-	19,373	-	-	-	-	-	332,904	419,720	-	-	-	-	864,680	-	864,680
d	Total Treatment Services	16,087,204	4,378,955	1,017,323	1,161,584	1,801,774	-	6,903,178	99,089	3,891,338	589,451	31,640	7,214	14,930,844	224,485	1,131,732	3,858,734	-	-	-	-	56,116,143	-	56,116,143
502	Rehabilitation Services																							
a	Lived Skills Training	7,385,041	2,578,503	712,536	910,245	492,633	-	7,988,352	254,233	2,770,960	-	691	4,141	699,896	9,487	-	24,515	-	-	-	-	23,949,359	-	23,949,359
b	Cognitive Rehabilitation	1,631	-	633	-	-	-	1,279	295	-	-	-	-	-	-	-	-	-	-	-	-	3,838	-	3,838
c	Health Promotion	56,356	7,248	2,940	2,073	4,427	-	661,953	37,704	303,095	14,865	34	11	125,857	2,523	4,739	13,255	-	-	-	-	1,237,120	-	1,237,120
d	Supported Employment Services	38,426	1,520	892	31,788	157	-	5,333,219	492,586	2,205,397	59,701	5,521	247	926,092	68	19,296	19,809	-	-	-	-	9,134,689	-	9,134,689
e	Total Rehabilitation Services	7,481,454	2,587,271	716,911	844,106	497,217	-	13,982,843	784,818	5,279,452	160,143	6,246	4,399	1,751,945	12,078	48,550	67,513	-	-	-	-	34,325,006	-	34,325,006
503	Medical Services																							
a	Medication Services	913	-	23	182	1,647	-	430,673	6,865	79,343	29,841	1,741	15	2,998,044	12,301	34,196	1,165,760	-	-	-	-	4,761,544	-	4,761,544
b	Medical Management	3,301,789	427,571	463,274	208,068	395,620	-	4,520,122	157,818	2,851,058	-	14,473	2,301	3,208,680	75,857	163,203	157,738	-	-	-	-	15,948,572	-	15,948,572
c	Laboratory, Radiology & Medical Imaging	119,635	19,514	18,421	3,362	13,923	-	624,028	27,366	419,803	-	1,520	125	345,579	4,541	33,166	51,660	-	-	-	-	1,682,643	-	1,682,643
d	Electro-Convulsive Therapy	-	-	-	-	-	-	97,155	-	60,555	-	-	-	-	-	23,773	-	-	-	-	-	180,983	-	180,983
e	Total Medical Services	3,422,337	447,085	481,718	212,612	411,190	-	5,671,976	162,049	3,410,259	29,841	17,734	2,441	6,576,076	92,698	230,565	1,375,158	-	-	-	-	22,573,742	-	22,573,742
504	Support Services																							
a	Case Management	143,294	83,655	18,837	21,482	59,495	-	91,455,967	1,223,647	31,041,827	(540)	3,784	1,745	5,332,566	120,287	1,688,064	649,652	-	-	-	-	101,844,752	-	101,844,752
b	Personal Assistance	800,448	321,272	355,327	90,137	51,203	-	16,491,316	227,030	4,500,420	-	-	-	790,323	23	463	123	-	-	-	-	5,468,401	-	5,468,401
c	Family Support	3,810,158	745,387	473,083	175,857	203,553	-	27,605	274	7,809	-	-	-	21,933	-	1,444	-	-	-	-	-	7,043,285	-	7,043,285
d	Peer Support	310,383	259,190	61,693	27,825	18,384	-	3,008,467	97,748	1,236,558	-	477	265	1,268,024	6,302	35,816	712,363	-	-	-	-	14,282,784	-	14,282,784
e	Therapeutic Foster Care Services	3,908,048	9,454,398	307,973	74,872	-	-	427,733	-	101,998	-	-	-	-	-	3,319	4,443	-	-	-	-	2,581,201	-	2,581,201
f	Respite Care	1,796,502	475,091	177,887	42,528	86,325	-	1,404	-	-	-	-	-	1,631	32	-	-	-	-	-	-	3,204,240	-	3,204,240
g	Housing Support	-	-	-	-	-	-	-	-	2,692,030	-	-	1,092	-	-	34,943	475,175	-	-	-	-	528,185	-	528,185
h	Interpreter Services	-	-	-	314,292	-	-	-	-	103,630	-	-	-	-	-	93,842	16,421	-	-	-	-	1,088,978	-	1,088,978
i	Flex Fund Services	-	-	-	833,511	-	-	-	-	217,655	-	-	-	-	-	517,515	454,048	-	-	-	-	1,499,744	-	1,499,744
j	Transportation	1,120,955	249,665	66,854	67,964	69,157	-	4,695,146	172,380	1,883,601	-	2,610	1,213	2,188,673	8,969	517,515	1,485,728	-	-	-	-	1,485,728	-	1,485,728
k	Block Purchase NTXIX Consumer Drop In Center	-	-	-	-	-	-	1,051,716	-	358,906	13,996	-	-	63,348	-	-	1,160	-	-	-	-	-	-	
l	Total Support Services	11,889,788	11,588,658	1,462,464	1,648,299	488,117	-	87,160,344	1,721,079	42,144,436	13,456	6,871	4,884	9,687,098	135,607	2,388,166	2,340,136	-	-	-	-	172,658,383	-	172,658,383
505	Crisis Intervention Services																							
a	Crisis Intervention - Mobile	1,121,564	169,648	131,263	922,571	76,606	-	1,569,034	180,819	687,689	-	3,928	-	1,917,357	16,079	1,466,868	360,870	-	-	-	-	8,623,806	-	8,623,806
b	Crisis Services	221,767	37,061	12,359	36,335	18,519	-	1,606,216	43,102	735,469	-	3,179	91	4,680,991	11,965	692,646	3,892,788	-	-	-	-	11,992,508	-	11,992,508
c	Crisis Phones	7,344	4,367	735	604	267	-	2,494,532	37,899	1,189,709	3,909	1,949	5	213,465	4,676	63,876	21,982	-	-	-	-	4,045,499	-	4,045,499
d	Total Crisis Intervention Services	1,350,675	211,076	144,357	959,500	95,392	-	5,669,782	261,901	2,612,887	3,909	9,056	96	6,811,813	32,720	2,223,190	4,275,440	-	-	-	-	24,661,903	-	24,661,903
506	Inpatient Services																							
a	Hospital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1	Psychiatric (Provider Types 02 & 71)	3,648,141	1,381,802	244,517	164,005	80,839	-	11,319,019	645,674	8,326,497	-	33,039	-	3,816,246	29,981	1,575,920	646,888	-	-	-	-	31,914,568	-	31,914,568
2	Detoxification (Provider Types 02 & 71)	-	-	-	-	-	-	89,036	-	83,958	-	5,167	-	154,911	-	738	7,695	-	-	-	-	341,505	-	341,505
b	Sub acute Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1	Psychiatric (Provider Types B5 & B6)	1,061,182	1,480,847	157,269	-	-	-	1,955	-	-	-	-	-	-	-	-	-	-	-	-	-	3,045,996	-	3,045,996
2	Detoxification (Provider Types B5 & B6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c	Residential Treatment Center (RTC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1	Psychiatric - Secure & Non-Secure Provider Types	7,503,285	8,430,683	5,525	142,195	451,582	-	6,210,080	214,800	3,577,099	-	4,368	5,426	3,705,160	9,326	491,403	1,614,220	-	-	-	-	32,365,152	-	32,365,152
2	Detoxification - Secure & Non-Secure (Provider Types	12,835	5,463	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
d	Residential Services, Professional	335,500	116,326	22,771	29,588	12,183	-	528,447	22,977	280,442	-	1,130	-	446,188	3,752	185,281	75,225	-	-	-	-	18,298	-	18,298
e	Total Inpatient Services	12,560,943	11,415,121	430,112	335,788	544,604	-	18,148,537	883,451	12,267,996	43,704	5,426	8,124,485	43,059	2,253,322	2,344,028	-	-	-	-	-	2,059,770	-	2,059,770
507	Residential Services																							
a	Level I Behavioral Health Residential Facilities	1,829,466	2,474,249	-	77,801	9,589	-	12,793,608	42,938	3,841,363	5,913	-	-	6,579,597	3,380	25,785	1,496,733	-	-	-	-	29,220,422	-	29,220,422
b	Level III Behavioral Health Residential Facilities	169,604	740,546	-	-	38,338	-	2,272,985	-	613,254	-	-	-	46,368	-	-	-	-	-	-	-	3,882,095	-	3,882,095
c	Room and Board	-	-	-	758,487	-	-	1,697,970	-	-	-	-	-	-	-	137,052	1,349,670	-</						

	TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	SSDI - TMC	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN/MGMT/ GEN	TOTAL
DISCLOSURE OF OTHER REVENUE REPORTED ON LINE 406																							
Itemization of Items Reported on Line 406																							
Lab Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12,666	\$ -	12,666
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	412,120	-	412,120
Total Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	424,786	-	424,786
DISCLOSURE OF ALL OTHER BEHAVIORAL HEALTH SERVICES ON LINE 511																							
Itemization of Items Reported on Line 511																							
HB2003 Children and Adult services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PASARR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,233	-	-	45,233	-	45,233
Total All Other Behavioral Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,233	-	-	45,233	-	45,233
DISCLOSURE OF ALL OTHER OPERATING ON LINE 607																							
Itemization of Items Reported on Line 607																							
Maintenance Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	62,537	23,648	4,533	5,336	4,204	-	141,227	4,591	60,803	857	72	12	59,235	704	1,671	16,600	4,399	36	1,082	-	391,547	-	391,547
Phone	152,176	57,546	11,030	12,985	10,231	-	343,661	11,171	147,957	2,085	175	29	144,142	1,714	4,066	40,395	10,704	86	2,633	-	952,786	-	952,786
Licenses & Taxes	12,116	4,582	878	1,034	815	-	27,363	889	11,781	166	14	2	11,477	136	324	3,216	852	7	210	-	75,862	-	75,862
Insurance	660,137	249,632	47,848	56,328	44,382	-	1,490,795	46,459	641,832	9,043	760	124	625,285	7,435	17,638	175,230	46,433	375	11,421	-	4,133,157	-	4,133,157
Training	18,234	6,895	1,322	1,556	1,226	-	41,177	1,338	17,728	250	21	3	17,271	205	487	4,840	1,283	10	315	-	114,161	-	114,161
Postage	21,546	8,148	1,562	1,838	1,449	-	46,657	1,582	20,948	295	25	4	20,408	243	576	5,719	1,516	12	373	-	134,901	-	134,901
Other	86,861	32,847	6,296	7,412	5,840	-	196,160	6,376	84,453	1,190	100	16	82,276	978	2,321	23,057	6,110	49	1,503	-	543,845	-	543,845
Sanctions & penalties expense	239,460	90,552	17,356	20,433	16,099	-	540,776	17,576	232,820	3,289	276	45	226,818	2,697	6,398	63,564	16,843	136	4,143	-	1,499,274	-	1,499,274
Net Allocation In	1,434,160	542,328	103,949	122,374	96,422	-	3,238,778	105,281	1,394,392	19,644	1,649	271	1,358,443	16,155	38,319	380,691	100,875	815	24,811	-	8,979,357	-	8,979,357
Total All Other Operating	2,687,227	1,016,178	194,774	229,296	180,668	-	6,068,594	197,265	2,612,714	36,810	3,092	506	2,545,355	30,267	71,800	713,312	189,015	1,526	46,491	-	16,824,890	-	16,824,890
DISCLOSURE OF NON-ADHS ADMINISTRATIVE EXPENSES ON LINE 650																							
Itemization of Items Reported on Line 650																							
Investment income administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,067,275	1,067,275
Total Non-ADHS Admin. Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,067,275	\$ 1,067,275